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6 **IN THE UNITED STATES DISTRICT COURT**
7 **FOR THE DISTRICT OF ARIZONA**
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9 United States of America,

10 Plaintiff,

11 v.

12 John Michael Caruso,

13 Defendant.
14

No. 20-08034-01-MJ

DETENTION ORDER

15 This matter came before this Court for a detention hearing on February 7, 2020,
16 and the Court heard argument. Prior to the hearing, this Court reviewed the Pretrial
17 Services Report (Doc. 9 – sealed), the Government’s Motion for Detention Pending Trial
18 (Doc. 14), and Defendant’s Opposition (Doc. 23). In consideration thereof, this Court
19 issues the following ruling.

20 Defendant is charged by criminal complaint with one count of Conspiracy to
21 Commit the crimes of Wire Fraud and Money Laundering. (Doc. 3.) In the complaint,
22 Defendant is charged with carrying out a Ponzi “cryptocurrency” scheme that defrauded
23 over 100 victims of at least 7.5 million dollars. The offense is alleged to have been
24 committed in a relatively short period of time, since June 2018. During this time, it is
25 alleged by the Government that bank records and casino records establish that Defendant
26 lived an extravagant lifestyle, to include taking 30 trips to Las Vegas where he lost over a
27 million dollars gambling in a 13-month period. Defendant has flown on private jets to
28 numerous domestic and overseas destinations. Defendant has also spent, during this

1 same time period, hundreds of thousands of dollars on personal luxury items: - in contrast
2 to Arizona Department of Economic Security records showing earnings of \$22,800 in
3 2018. The Government asserts that, as investigators have not been able to trace where all
4 of the investor money in Defendant's alleged scheme has gone, the Defendant could
5 utilize those funds to flee the jurisdiction. The Government has also asserted that their
6 financial investigation has uncovered no evidence of any legitimate investment of
7 investor funds.

8 Defendant is 27 years of age and has seven prior felony convictions, beginning
9 with two counts of "Extortion Threats" at the age of 18, committed in Collier County,
10 Florida. Although he received probation for those offenses, he violated probation on
11 three different occasions, two times for committing new crimes, and once for an
12 unknown reason in 2016, after which he was sentenced to three years in prison.
13 Defendant was released from prison in November, 2017, just months before he is alleged
14 to have committed the present offense.

15 Defendant was also convicted of two counts of felony Theft—Obtain by
16 Misrepresentation, in Scottsdale, Arizona, for which he ultimately received seven years'
17 probation. While on probation, he was convicted of felony Forgery—Offers Forged
18 Instruments, in Scottsdale, Arizona, for which he received a year in jail and five years of
19 probation. Thereafter, and also while on probation, Defendant was convicted of two
20 counts of Fraudulent Schemes/Artifices, in Maricopa County, Arizona, for which he
21 received 90 days custody and five years of probation.

22 Defendant has a record of dishonesty, as evidenced by his criminal record, and by
23 the statements he made to the interviewing U.S. Pretrial Services Officer. He advised her
24 that he had no history of gambling, which is contradicted by the Government's evidence.
25 Defendant also stated that he attended college, and that he worked in the past as a
26 paralegal, although his mother indicated that Defendant did not further his education after
27 high school. In promotional materials for his cryptocurrency business, Defendant
28 represented that his wealth had grown into the millions of dollars between 2009 and

1 2017, which was the time period Defendant was on probation or in prison for crimes
2 committed. Although Defendant faces only a five-year maximum sentence for the charge
3 against him, he is likely looking at substantial time in prison if convicted, based upon his
4 criminal history.

5 Defendant has substantial ties to the community, as evidenced by the numerous
6 letters submitted to the Court on his behalf from family and friends. He has proposed
7 that a friend, Greg Price, mortgage the \$140,873 equity in his \$340,873 home to secure a
8 bond for Defendant. Mr. Price has also agreed to serve as a third-party custodian. The
9 Government proffered that Mr. Price is associated with Defendant's father in a business
10 that has received approximately \$140,000.00 from Defendant's company.

11 The Court finds, based upon the above, that the Government has presented, by a
12 preponderance of the evidence, that Defendant poses a serious flight risk, and that, by
13 clear and convincing evidence, that Defendant poses a danger to the community. The
14 Defendant has committed several crimes while under the supervision of courts. There is
15 evidence that he has, in a relatively short period of time, received millions of dollars,
16 travelled abroad, gambled a significant amount of money, and has a track record of
17 dishonesty. He has been convicted of violent felonies (extortion threats) and five
18 separate felony convictions for fraud-related offenses. He has either been on probation or
19 in prison nearly continuously from the time he was 18 years of age, and now is accused
20 of serious financial fraud.

21 Considering the factors set forth in 18 U.S.C. § 3142(g), the Court determines that
22 no conditions, or combinations of conditions will assure the appearance of the defendant
23 as required, or the safety of any other person and the community.

24 IT IS THEREFORE ORDERED that Defendant be detained pending trial.

25 Dated this 7th day of February, 2020.

26 

27 Honorable Michelle H. Burns
28 United States Magistrate Judge